
2010 WISCONSIN EARNED INCOME CREDIT

Fact Sheet

The Wisconsin earned income credit is a special tax benefit for certain working individuals and families with at least one qualifying child. The earned income credit is refundable. This means that even workers who did not earn enough wages to have Wisconsin taxes withheld can receive the credit.

This fact sheet provides a general overview of what is new for 2011, the qualifications for claiming the credit, the credit computation, and the pre-refund review process. Nothing in this fact sheet replaces or changes any provisions of Wisconsin tax law, administrative rules, or court decisions.

NEW FOR 2011

Advance Earned Income Credit Wisconsin law provides for an advance payment of the Wisconsin earned income credit. The Wisconsin advance payment is available only to those persons who claim the federal advance earned income credit. Because the federal advance earned income credit has been eliminated, the Wisconsin advance earned income credit will not be available for 2011.

QUALIFICATIONS

To qualify for the 2010 Wisconsin earned income credit, you must meet all of the following requirements:

- You qualify for the federal earned income credit.
- You have at least one qualifying child. The federal definition of a "qualifying child" applies for Wisconsin purposes.
- You are a legal resident of Wisconsin for all of 2010.
- You file a joint return or as "head of household" if you are married.

Additional information concerning the federal earned income credit is available from federal Publication 596, *Earned Income Credit (EIC)*.

CREDIT COMPUTATION

The 2010 Wisconsin earned income credit is computed on the Wisconsin income tax return (Form 1, 1A, or 1NPR). It is based on a percentage of the federal earned income credit:

Number of Qualifying Children	Percentage of Federal Credit
0	No credit available
1	4%
2	14%
3 or more	43%

The maximum credit allowed is \$2,436. However, any advance Wisconsin earned income credit payments received in 2010 reduce the amount of credit that will be refunded. If the advance payments received are more than the credit computed, the difference must be paid back.

PRE-REFUND REVIEW

Each tax season, the Department of Revenue (DOR) conducts a pre-refund review of selected returns where the Wisconsin earned income credit is claimed. Based on more than 15 years of experience, DOR selects only those returns on which errors may be likely.

As part of the pre-refund review process, additional information may be requested. All of the information requested is necessary to complete the review of the Wisconsin earned income credit claimed. Providing only part of the information results in additional delays in issuing a refund, as another request for the missing information will be made.